



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

ROBERT E. LIST, CPA  
STEWART J. REID, CPA  
MICHAEL L. HANISKO, CPA  
DAVID D. QUIMBY, CPA  
KATHLYN M. ENGELHARDT, CPA  
RENAE M. CLEVINGER, CPA  
AMY L. RODRIGUEZ, CPA  
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA  
ROY A. SCHAIRER, CPA  
JAMES L. WHALEY, CPA  
JEROME L. YANTZ, CPA  
PHILIP T. SOUTHGATE, CPA  
ROBERT J. DUYCK, CPA

## EDENVILLE TOWNSHIP MIDLAND COUNTY, MICHIGAN

### FINANCIAL STATEMENTS JUNE 30, 2008

1600 CENTER AVENUE  
POST OFFICE BOX 775  
BAY CITY, MI 48707-0775  
989-893-5577  
800-624-2400  
FAX 989-895-5842  
[www.wf-cpas.com](http://www.wf-cpas.com)  
[wf@wf-cpas.com](mailto:wf@wf-cpas.com)

OFFICES: BAY CITY, CLARE,  
GLADWIN AND WEST BRANCH

**RSM** McGladrey Network

An Independently Owned Member

TABLE OF  
CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3a-3j
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	6
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9
Fiduciary Funds:	
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11-21
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	22
Budgetary Comparison Schedule – Solid Waste Fund	23
Budgetary Comparison Schedule – Lake Assessment Fund	24

**TABLE OF  
CONTENTS**

Budgetary Comparison Schedule – Fire Fund	25
Other Supplemental Information	
Non-Major Funds Combining Balance Sheet	26
Non-Major Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balance	27



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## Independent Auditors' Report

December 17, 2008

To the Township Board  
Edenville Township  
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the Township of Edenville, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Township of Edenville as of June 30, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

1600 CENTER AVENUE  
POST OFFICE BOX 775  
BAY CITY, MI 48707-0775  
989-893-5577  
800-624-2400  
FAX 989-895-5842  
[www.wf-cpas.com](http://www.wf-cpas.com)  
[wf@wf-cpas.com](mailto:wf@wf-cpas.com)

OFFICES: BAY CITY, CLARE,  
GLADWIN AND WEST BRANCH

**RSM! McGladrey Network**

An Independently Owned Member



# WEINLANDER FITZHUGH

To the Township Board  
Township of Edenville  
December 17, 2008  
Page 2

The accompanying management's discussion and analysis and budgetary comparison listed in the table of contents are not a required part of the basic financial statements but are supplemental information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Edenville's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Weinlander Fitzhugh*

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

Our discussion and analysis of Edenville Township's (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2008.

**Financial Highlights**

The Township's net assets increased by approximately \$102,000 or about 16%. Program revenues were \$304,000 or 40% of total revenues, and general revenues were \$465,000 or 60%.

**Using this Annual Financial Report**

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Edenville Township financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant funds – the General Fund, Solid Waste Fund, Lake Assessment Fund, Fire Fund and M-30 Water Fund. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Budgetary Information for the General Fund, Solid Waste Fund, Lake Assessment Fund and Fire Fund (Required Supplemental Information)

Other Supplemental Information

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

**Reporting the Township as a Whole**

*The Statement of Net Assets and Statement of Activities*

One of the most important questions asked about the Township's finances is: "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base and facility conditions in arriving at their conclusion regarding the overall health of the Township.

**Reporting the Government's Most Significant Funds**

*Fund Financial Statements*

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

*Governmental Funds*

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

*Fiduciary Funds*

The Township is the trustee, or fiduciary, for tax collections. All of the Township's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

**Government-wide Financial Analysis**

The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Government's net assets as of June 30, 2008 and 2007.

	<b><u>Exhibit A</u></b>	
	Governmental Activities	
	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current and other assets	\$ 646,000	\$ 639,000
Capital assets - net of accumulated depreciation	<u>731,000</u>	<u>765,000</u>
Total assets	<u>1,377,000</u>	<u>1,404,000</u>
<b>Liabilities</b>		
Current liabilities	270,000	358,000
Long-term liabilities	<u>385,000</u>	<u>426,000</u>
Total liabilities	<u>655,000</u>	<u>784,000</u>
<b>Net Assets</b>		
Invested in capital assets - net of related debt	298,000	273,000
Unrestricted	<u>424,000</u>	<u>347,000</u>
Total net assets	<u><u>\$ 722,000</u></u>	<u><u>\$ 620,000</u></u>



**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

Exhibit A, on the previous page, focuses on net assets. The Township's net assets were \$722,000 at June 30, 2008. Capital assets net related debt totaling \$298,000 compares the original costs, less depreciation and related debt of the Township's capital assets.

The \$424,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General, Solid Waste, Lake Assessment, Fire and M-30 Water Funds will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the statement of activities. Exhibit B below shows a summary of the changes in net assets for the years ended June 30, 2008 and 2007.

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

<b><u>Exhibit B</u></b>	Governmental	
	Activities	
	2008	2007
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 260,000	\$ 271,000
Grants and contributions	44,000	9,000
General revenue:		
Property taxes	250,000	250,000
State shared revenue	176,000	170,000
Other	39,000	23,000
	<u>769,000</u>	<u>723,000</u>
<b>Function/Program Expenses</b>		
General government	216,000	207,000
Public safety	122,000	118,000
Public works	57,000	43,000
Streets and highways	128,000	117,000
Legislative	2,000	2,000
Recreation and culture	16,000	15,000
Sanitation	106,000	104,000
Interest and fees	20,000	25,000
	<u>667,000</u>	<u>631,000</u>
<b>Change in Net Assets</b>	<u>\$ 102,000</u>	<u>\$ 92,000</u>

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$667,000. Certain activities were partially funded from those who benefited from the programs or by the other governments and organizations that subsidized certain programs with grants and categoricals. We paid for the remaining "public benefit" portion of our governmental activities with \$250,000 in taxes, \$176,000 in State shared revenue and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$102,000. The key reason for the change in net assets was positive operating results across all components of the government.

**The Township's Funds**

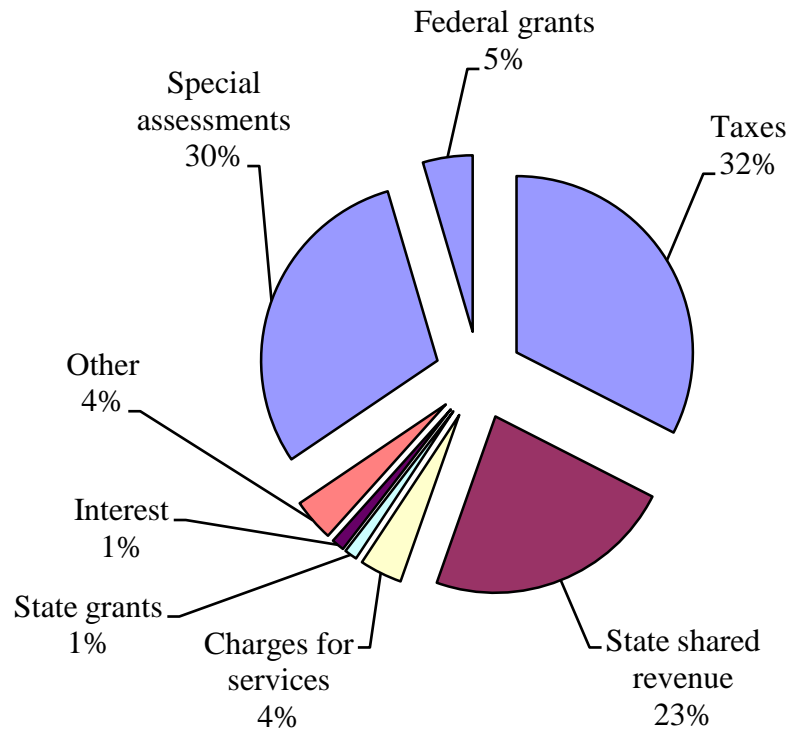
The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's governmental funds reported a combined fund balance of \$424,000, which is above last year's total of \$347,000. The schedule below indicates the fund balances and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)
General	\$ 172,000	\$ 162,000	\$ 10,000
Solid Waste	120,000	108,000	12,000
Lake Assessment	73,000	29,000	44,000
Fire	11,000	2,000	9,000
M-30 Water	38,000	40,000	(2,000)
Special Road	5,000	3,000	2,000
Swanton	5,000	3,000	2,000
Total	<u>\$ 424,000</u>	<u>\$ 347,000</u>	<u>\$ 77,000</u>

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

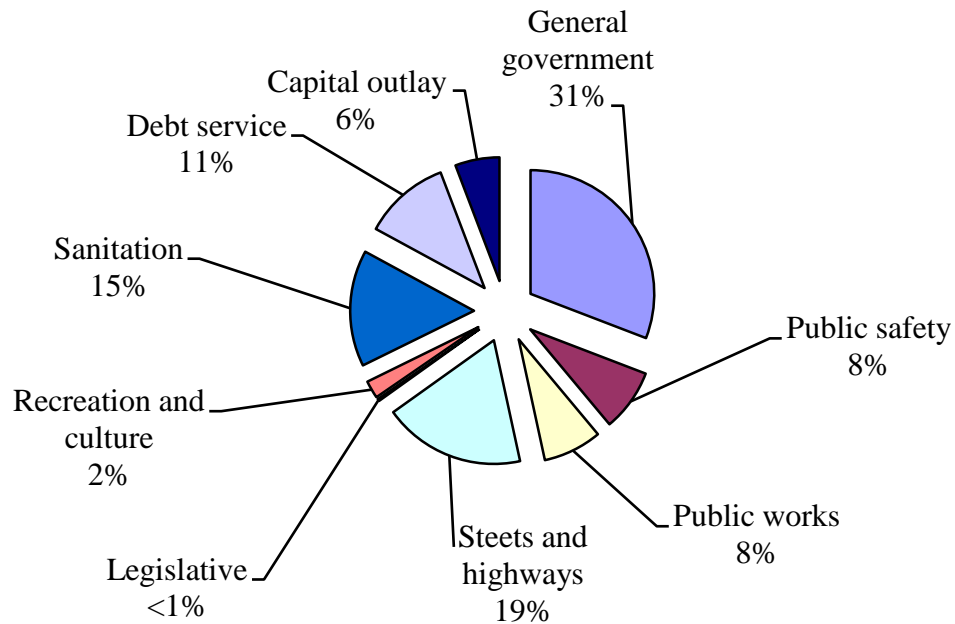
The graph below details the major sources of the Township's revenues.



	2008	2007
<i>Revenues by Source</i>		
Taxes and penalties	\$ 250,000	\$ 250,000
Special assessments	230,000	246,000
State shared revenue	176,000	170,000
Charges for services	30,000	25,000
State grants	9,000	9,000
Federal grants	35,000	0
Interest	9,000	7,000
Other revenue	30,000	16,000
	<hr/>	<hr/>
Total	<u>\$ 769,000</u>	<u>\$ 723,000</u>

**EDENVILLE TOWNSHIP**  
Management's Discussion & Analysis  
For the Year Ended June 30, 2008

The graph below details the major expenditure categories of the Township.



	2008	2007
<i>Expenditures by Function</i>		
General government	\$ 213,000	\$ 203,000
Public safety	56,000	56,000
Public works	53,000	38,000
Streets and highways	128,000	117,000
Legislative	2,000	2,000
Recreation and culture	16,000	15,000
Sanitation	106,000	104,000
Debt service	78,000	82,000
Capital outlay	40,000	20,000
Total	<u>\$ 692,000</u>	<u>\$ 637,000</u>

**EDENVILLE TOWNSHIP**  
Management's Discussion & Analysis  
For the Year Ended June 30, 2008

**General Fund Budgetary Highlights**

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget were as follows.

- Budgeted revenues remained the same throughout the fiscal year.
- Budgeted expenditures remained the same throughout the fiscal year.
- There were no significant variances between actual results and budgeted amounts.

**Capital Assets**

At June 30, 2008, the Township had \$731,000 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions and disposals) of approximately \$34,000 from last year.

	Governmental Activities	
	2008	2007
Land	\$ 15,000	\$ 15,000
Buildings and improvements	489,000	453,000
Equipment	602,000	602,000
Total capital assets	1,106,000	1,070,000
Less accumulated depreciation	375,000	305,000
Net capital assets	<u>\$ 731,000</u>	<u>\$ 765,000</u>

**EDENVILLE TOWNSHIP**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

This year's additions of \$37,000 included a ventilation system for the fire department. The addition was financed with a federal grant.

We anticipate capital additions will be minimal in the next fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

At the end of the year, the Township had bonds and leasing obligations consisting of the following:

	<u>2008</u>	<u>2007</u>
2004 Water Supply System Bond	\$ 177,500	\$ 187,500
Woodland Estates Road Project	0	18,139
Capital Lease-Firetrucks	<u>248,241</u>	<u>278,006</u>
Total Debt	<u>\$ 425,741</u>	<u>\$ 483,645</u>

The Township's general obligation bond rating continues to be equivalent to the State's credit rating. We anticipate an issuance of debt for the construction of a water system in the upcoming year. The debt will be financed by a special assessment district.

**Factors Expected to Have an Effect on Future Operations**

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. We will need to adjust Township expenditures in response to any revenue shortfall.

**Requests For Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in Edenville Township. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. William Carey  
Supervisor  
Box 24  
Edenville, MI 48620

EDENVILLE TOWNSHIP  
Statement of Net Assets  
June 30, 2008

	Governmental <u>Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 398,454
Receivables - net	243,242
Prepaid expenses	1,618
Internal balance	2,329
Capital assets - net of accumulated depreciation of \$375,024	<u>731,360</u>
Total Assets	<u>1,377,003</u>
<u>Liabilities</u>	
Accounts payable	25,830
Accrued and other liabilities	193,668
Swanton hall advances	10,110
Long term liabilities:	
Due within one year	41,069
Due in more than one year	<u>384,672</u>
Total Liabilities	<u>655,349</u>
<u>Net Assets</u>	
Invested in capital assets - net of related debt	297,735
Unrestricted	<u>423,919</u>
Total Net Assets	<u><u>\$ 721,654</u></u>

See accompanying notes to financial statements



EDENVILLE TOWNSHIP  
Statement of Activities  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:				
General government	\$ 216,650	\$ 29,938	\$ 9,008	\$ (177,704)
Public safety	122,000	0	34,933	(87,067)
Public works	57,095	91,432	0	34,337
Streets and highways	127,939	22,536	0	(105,403)
Legislative	1,570	0	0	(1,570)
Recreation and culture	16,146	0	0	(16,146)
Sanitation	105,903	115,921	0	10,018
Interest and fees	19,991	0	0	(19,991)
Total governmental activities	<u>\$ 667,294</u>	<u>\$ 259,827</u>	<u>\$ 43,941</u>	<u>(363,526)</u>
General revenues:				
Property taxes				250,453
State shared revenue				175,645
Interest				8,643
Other				<u>30,426</u>
Total general revenues				<u>465,167</u>
Change in net assets				101,641
Net assets - beginning of year				<u>620,013</u>
Net assets - end of year				<u>\$ 721,654</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP  
Governmental Funds  
Balance Sheet  
June 30, 2008

	General Fund	Solid Waste Fund	Lake Assessment Fund	Fire Fund	M-30 Water Fund	Non- Major Funds	Total
<u>ASSETS</u>							
Cash and investments	\$ 91,152	\$ 119,607	\$ 98,558	\$ 30,584	\$ 38,397	\$ 20,156	\$ 398,454
Accounts receivable	57,458	0	0	0	185,784	0	243,242
Due from other funds	22,263	0	0	0	0	0	22,263
Prepaid expenditures	1,618	0	0	0	0	0	1,618
Total assets	<u>\$ 172,491</u>	<u>\$ 119,607</u>	<u>\$ 98,558</u>	<u>\$ 30,584</u>	<u>\$ 224,181</u>	<u>\$ 20,156</u>	<u>\$ 665,577</u>
<u>LIABILITIES AND FUND BALANCE</u>							
<u>Liabilities</u>							
Accounts payable	\$ 0	\$ 0	25,830	\$ 0	\$ 0	\$ 0	\$ 25,830
Swanton hall advances	0	0	0	0	0	10,110	10,110
Deferred revenue	0	0	0	0	185,784	0	185,784
Due to other funds	0	0	0	19,934	0	0	19,934
Total liabilities	<u>0</u>	<u>0</u>	<u>25,830</u>	<u>19,934</u>	<u>185,784</u>	<u>10,110</u>	<u>241,658</u>
<u>Fund Balance</u>							
Unreserved	<u>172,491</u>	<u>119,607</u>	<u>72,728</u>	<u>10,650</u>	<u>38,397</u>	<u>10,046</u>	<u>423,919</u>
Total Liabilities and Fund Balance	<u>\$ 172,491</u>	<u>\$ 119,607</u>	<u>\$ 98,558</u>	<u>\$ 30,584</u>	<u>\$ 224,181</u>	<u>\$ 20,156</u>	<u>\$ 665,577</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP  
Reconciliation of Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2008

Total fund balance - governmental funds	\$ 423,919
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	1,106,384
Accumulated depreciation	(375,024)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(177,500)
Capital lease payable	(248,241)
Accrued interest payable is not included as a liability in governmental activities	<u>(7,884)</u>
Total net assets - governmental activities	<u><u>\$ 721,654</u></u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP  
Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2008

	General Fund	Solid Waste Fund	Lake Assessment Fund	Fire Fund	M-30 Water Fund	Non- Major Funds	Total
<u>Revenues</u>							
Taxes and penalties	\$ 129,237	\$ 0	\$ 0	\$ 106,210	\$ 15,006	\$ 0	\$ 250,453
Special assessment	0	115,921	91,432	0	0	22,536	229,889
State shared revenue	175,645	0	0	0	0	0	175,645
Charges for services	28,445	0	0	0	0	1,493	29,938
State grants	9,008	0	0	0	0	0	9,008
Federal grants	0	0	0	34,933	0	0	34,933
Interest	5,500	1,022	906	292	863	60	8,643
Other revenue	2,369	0	8,500	0	0	19,557	30,426
Total revenues	<u>350,204</u>	<u>116,943</u>	<u>100,838</u>	<u>141,435</u>	<u>15,869</u>	<u>43,646</u>	<u>768,935</u>
<u>Expenditures</u>							
Current:							
General government	195,737	0	0	0	0	17,251	212,988
Public safety	5,633	0	0	50,824	0	0	56,457
Public works	52,767	0	0	0	0	0	52,767
Streets and highways	67,631	0	56,822	0	0	3,486	127,939
Legislative	1,570	0	0	0	0	0	1,570
Recreation and culture	16,146	0	0	0	0	0	16,146
Sanitation	0	105,903	0	0	0	0	105,903
Debt Service:							
Principal	0	0	0	29,765	10,000	18,139	57,904
Interest and fees	0	0	0	12,254	7,774	748	20,776
Capital outlay	0	0	0	39,854	0	0	39,854
Total expenditures	<u>339,484</u>	<u>105,903</u>	<u>56,822</u>	<u>132,697</u>	<u>17,774</u>	<u>39,624</u>	<u>692,304</u>
Excess of revenues over (under) expenditures	10,720	11,040	44,016	8,738	(1,905)	4,022	76,631
Fund balance - beginning of year	<u>161,771</u>	<u>108,567</u>	<u>28,712</u>	<u>1,912</u>	<u>40,302</u>	<u>6,024</u>	<u>347,288</u>
Fund balance - end of year	<u>\$ 172,491</u>	<u>\$ 119,607</u>	<u>\$ 72,728</u>	<u>\$ 10,650</u>	<u>\$ 38,397</u>	<u>\$ 10,046</u>	<u>\$ 423,919</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2008

Net change in fund balance - total governmental funds	\$ 76,631
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(70,451)
Capital outlay	36,772
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:	
Repayment of bonds	10,000
Repayment of long term note obligations is an expenditure in the governmental funds but reduces long term liabilities in the statement of net assets.	18,139
Repayment of capital lease obligations is an expenditure in the governmental funds but reduces long term liabilities in the statement of net assets.	29,765
Interest expense is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid.	<u>785</u>
Change in net assets of governmental activities	<u><u>\$ 101,641</u></u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP  
Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2008

	<u>Tax Fund</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 2,329</u>
<u>LIABILITIES AND NET ASSETS</u>	
Due to other funds	<u>\$ 2,329</u>

See accompanying notes to financial statements.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Edenville Township (Township) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by Edenville Township.

**Reporting Entity**

Edenville Township is governed by an elected five member council (Board). The accompanying financial statements present the financial position and results of operations for the Township for which the Township is considered to be financially accountable.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.



EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Township reports the following major governmental funds:

**General Fund** - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

**Solid Waste Fund** - The Solid Waste Fund is used to record transactions relative to the collection and removal of waste.

**Lake Assessment Fund** – The Lake Assessment Fund is used to record transactions relative to the treatment of troublesome aquatic growth in area lakes and waterways.

**Fire Fund** – The Fire Fund is used to record transactions relative to the fire protection system of the township.

**M-30 Water Fund** – The M-30 Water Fund is used to record transactions for the funding and payment of principal and interest on bonds issued for water line extensions.

**Assets, Liabilities and Net Assets or Equity**

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets – Capital assets, which include land, buildings and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Buildings, improvements and equipment infrastructure are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 Years
Equipment	5 to 20 Years

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 2 - BUDGETS**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

1. The Township's supervisor submits to the Board a proposed budget prior to July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended, by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Solid Waste Fund, Lake Assessment Fund and Fire Fund are presented as Required Supplemental Information.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	<u>\$ 398,454</u>	<u>\$ 2,329</u>	<u>\$ 400,783</u>

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank deposits (checking and savings accounts)	<u>\$ 400,783</u>

**Interest Rate Risk**

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2008, \$207,594 of the Township's bank balance of \$407,594 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 14,578	\$ 0	\$ 0	\$ 14,578
Capital assets being depreciated:				
Buildings and improvements	452,664	36,772	0	489,436
Equipment	602,370	0	0	602,370
Subtotal	<u>1,055,034</u>	<u>36,772</u>	<u>0</u>	<u>1,091,806</u>
Less accumulated depreciation for:				
Buildings and improvements	91,593	9,724	0	101,317
Equipment	212,980	60,727	0	273,707
Subtotal	<u>304,573</u>	<u>70,451</u>	<u>0</u>	<u>375,024</u>
Net capital assets being depreciated	<u>750,461</u>	<u>(33,679)</u>	<u>0</u>	<u>716,782</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 765,039</u>	<u>(33,679)</u>	<u>\$ 0</u>	<u>\$ 731,360</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 3,662
Public safety	62,461
Public works	<u>4,328</u>
Total governmental activities depreciation expense	<u>\$ 70,451</u>

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A summary of inter-fund receivable and payable balances at June 30, 2008 and transfers made during the year ended June 30, 2008 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 22,263	\$ 0	\$ 0	\$ 0
Fire	0	19,934	0	0
Tax	<u>0</u>	<u>2,329</u>	<u>0</u>	<u>0</u>
	<u>\$ 22,263</u>	<u>\$ 22,263</u>	<u>\$ 0</u>	<u>\$ 0</u>

A payable is owed to the General Fund by the Fire Fund for costs associated with setting up the Fire Fund. The amounts due from the Tax Fund were for undistributed tax revenues due to the General Fund as of June 30, 2008.

EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 6 - LONG-TERM DEBT**

A summary of the Township's long term debt is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Ending Balance</u>
2004 Water Supply System Bonds, due in annual installments of \$10,000 to \$25,000 plus interest at the rate of 1.75% to 4.75% through August 2024	\$ 187,500	\$ 0	\$ (10,000)	\$ 177,500
2006 Woodland Estates Road Project Note, due in annual principal installments of \$18,139 plus interest at a rate of 4.62% through May 2008.	18,139	0	(18,139)	0
Capital leasing arrangement, due in annual installments of \$28,516 to \$40,182 plus interest at the rate of 6.833% through May 2015.	<u>278,006</u>	<u>0</u>	<u>(29,765)</u>	<u>248,241</u>
Total	<u>\$ 483,645</u>	<u>\$ 0</u>	<u>\$ (57,904)</u>	<u>\$ 425,741</u>



EDENVILLE TOWNSHIP  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 41,069	\$ 18,255	\$ 59,324
2010	42,430	16,584	59,014
2011	43,850	14,833	58,683
2012	45,333	13,001	58,334
2013	46,881	11,088	57,969
2014-2018	131,178	30,012	161,190
2019-2023	62,500	13,063	75,563
2024	12,500	888	13,388
	<u>\$ 425,741</u>	<u>\$ 117,724</u>	<u>\$ 543,465</u>

**NOTE 7 - RELATED PARTY TRANSACTIONS**

During the course of the year, a Township employee was paid \$540 to perform periodic service on the Township's computer system.

EDENVILLE TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes and penalties	\$ 129,237	\$ 129,237	\$ 129,237	\$ 0
State shared revenue	172,852	172,852	175,645	2,793
Charges for services	20,121	20,121	28,445	8,324
State grants	9,008	9,008	9,008	0
Interest income	3,213	3,213	5,500	2,287
Miscellaneous revenues	10,694	10,694	2,369	(8,325)
Total revenues	<u>345,125</u>	<u>345,125</u>	<u>350,204</u>	<u>5,079</u>
Expenditures:				
Current:				
General government	201,818	201,818	195,737	6,081
Public safety	5,633	5,633	5,633	0
Public works	62,394	62,394	52,767	9,627
Streets and highways	67,631	67,631	67,631	0
Recreation and culture	16,146	16,146	16,146	0
Legislative	1,570	1,570	1,570	0
Total expenditures	<u>355,192</u>	<u>355,192</u>	<u>339,484</u>	<u>15,708</u>
Excess of revenues over (under) expenditures	(10,067)	(10,067)	10,720	20,787
Fund balance - beginning of year	<u>161,771</u>	<u>161,771</u>	<u>161,771</u>	<u>0</u>
Fund balance - end of year	<u>\$ 151,704</u>	<u>\$ 151,704</u>	<u>\$ 172,491</u>	<u>\$ 20,787</u>

EDENVILLE TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - Solid Waste Fund  
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Special assessment	\$ 115,921	\$ 115,921	\$ 115,921	\$ 0
Interest income	939	939	1,022	83
Total revenues	<u>116,860</u>	<u>116,860</u>	<u>116,943</u>	<u>83</u>
Expenditures:				
Current:				
Sanitation	<u>105,903</u>	<u>105,903</u>	<u>105,903</u>	<u>0</u>
Excess of revenues over expenditures	10,957	10,957	11,040	83
Fund balance - beginning of year	<u>108,567</u>	<u>108,567</u>	<u>108,567</u>	<u>0</u>
Fund balance - end of year	<u>\$ 119,524</u>	<u>\$ 119,524</u>	<u>\$ 119,607</u>	<u>\$ 83</u>

EDENVILLE TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - Lake Assessment Fund  
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Special assessment	\$ 91,432	\$ 91,432	\$ 91,432	\$ 0
Interest income	792	792	906	114
Other income	8,500	8,500	8,500	0
Total revenues	<u>100,724</u>	<u>100,724</u>	<u>100,838</u>	<u>114</u>
Expenditures:				
Current:				
Public Works	<u>70,993</u>	<u>70,993</u>	<u>56,822</u>	<u>14,171</u>
Excess of revenues over expenditures	29,731	29,731	44,016	14,285
Fund balance - beginning of year	<u>28,712</u>	<u>28,712</u>	<u>28,712</u>	<u>0</u>
Fund balance - end of year	<u><u>\$ 58,443</u></u>	<u><u>\$ 58,443</u></u>	<u><u>\$ 72,728</u></u>	<u><u>\$ 14,285</u></u>

EDENVILLE TOWNSHIP  
Required Supplemental Information  
Budgetary Comparison Schedule - Fire Fund  
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 106,210	\$ 106,210	\$ 106,210	\$ 0
Interest income	259	259	292	33
Federal grants	34,933	34,933	34,933	0
Total revenues	<u>141,402</u>	<u>141,402</u>	<u>141,435</u>	<u>33</u>
Expenditures:				
Current:				
Public Safety	50,823	50,823	50,824	1
Debt Service:				
Principal	29,765	29,765	29,765	0
Interest	12,254	12,254	12,254	0
Capital Outlay	39,854	39,854	39,854	0
Total expenditures	<u>132,696</u>	<u>132,696</u>	<u>132,697</u>	<u>1</u>
Excess of revenues over expenditures	8,706	8,706	8,738	32
Fund balance - beginning of year	<u>1,912</u>	<u>1,912</u>	<u>1,912</u>	<u>0</u>
Fund balance - end of year	<u>\$ 10,618</u>	<u>\$ 10,618</u>	<u>\$ 10,650</u>	<u>\$ 32</u>

EDENVILLE TOWNSHIP  
Other Supplemental Information  
Non-Major Funds Combining Balance Sheet  
June 30, 2008

	Swanton Creek Fund	Special Road Fund	Total
<u>ASSETS</u>			
Cash and investments	\$ 15,059	\$ 5,097	\$ 20,156
	<u>15,059</u>	<u>5,097</u>	<u>20,156</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Swanton hall advances	\$ 10,110	\$ 0	\$ 10,110
	<u>10,110</u>	<u>0</u>	<u>10,110</u>
<u>Fund Balance</u>			
Unreserved	4,949	5,097	10,046
	<u>4,949</u>	<u>5,097</u>	<u>10,046</u>
Total Liabilities and Fund Balance	\$ 15,059	\$ 5,097	\$ 20,156
	<u>15,059</u>	<u>5,097</u>	<u>20,156</u>

EDENVILLE TOWNSHIP  
Other Supplemental Information  
Non-major Funds Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2008

	Swanton Creek Fund	Special Road Fund	Total
<u>Revenues</u>			
Special assessments	\$ 0	\$ 22,536	22,536
Charges for services	0	1,493	1,493
Interest	40	20	60
Other revenue	19,557	0	19,557
Total revenues	<u>19,597</u>	<u>24,049</u>	<u>43,646</u>
<u>Expenditures</u>			
Current:			
General government	17,251	0	17,251
Streets and highways	0	3,486	3,486
Debt Service:			
Principal	0	18,139	18,139
Interest and fees	0	748	748
Total expenditures	<u>17,251</u>	<u>22,373</u>	<u>39,624</u>
Excess of revenues over expenditures	2,346	1,676	4,022
Fund balance - beginning of year	<u>2,603</u>	<u>3,421</u>	<u>6,024</u>
Fund balance - end of year	<u><u>\$ 4,949</u></u>	<u><u>\$ 5,097</u></u>	<u><u>\$ 10,046</u></u>



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

ROBERT E. LIST, CPA  
STEWART J. REID, CPA  
MICHAEL L. HANISKO, CPA  
DAVID D. QUIMBY, CPA  
KATHLYN M. ENGELHARDT, CPA  
RENAE M. CLEVENGER, CPA  
AMY L. RODRIGUEZ, CPA  
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA  
ROY A. SCHAIRER, CPA  
JAMES L. WHALEY, CPA  
JEROME L. YANTZ, CPA  
PHILIP T. SOUTHGATE, CPA  
ROBERT J. DUYCK, CPA

December 17, 2008

To the Township Board  
Edenville Township  
Edenville, Michigan

In planning and performing our audit of the financial statements of Edenville Township (Township) as of and for the year ended June 30, 2008, in accordance with U.S. generally accepted auditing standards. We considered Edenville Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected

1600 CENTER AVENUE  
POST OFFICE BOX 775  
BAY CITY, MI 48707-0775  
989-893-5577  
800-624-2400  
FAX 989-895-5842  
www.wf-cpas.com  
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE  
GLADWIN AND WEST BRANCH

**RSM McGladrey Network**

An Independently Owned Member





# WEINLANDER FITZHUGH

To the Township Board  
Edenville Township  
December 17, 2008  
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. We consider the following significant deficiencies to be material weaknesses:

## **Uniform Chart of Accounts**

As required by the Michigan Department of Treasury, the Township should be using the Uniform Chart of Accounts as required by MCL 141.421. Currently the Township is not using the Uniform Chart of Accounts. We recommend that the Township implement the Uniform Chart of Accounts as soon as possible.

## **Financial Reporting**

As part of our consideration of the internal control over financial reporting, we as auditors are not allowed to be considered to be part of Edenville Township's internal controls. In taking this required position, we must consider whether the Township has the ability, on its own, to monitor and report financial activity in accordance with our professional standards without auditor involvement.

The Township uses accounting software as a management tool to monitor the financial status of the Township, to facilitate the preparation and amendment of budgets and to compare budgeted amounts to actual results. In addition, the Township demonstrates the ability to report fund level activities, monitor fiduciary fund activities (including tax collections and disbursements) and report on certain fund level note disclosures. Due to the complexity of the required government wide financial statements and related note disclosures in accordance with GASB 34, the Township does not maintain personnel who can report in accordance with U.S. generally accepted accounting principles without auditor involvement.

## **Segregation of Duties**

Segregation of duties means that there are different individuals performing different duties within a specific accounting function. Having multiple individuals performing duties in the same accounting function acts as a check and balance .



# WEINLANDER FITZHUGH

To the Township Board  
Edenville Township  
December 17, 2008  
Page 3

As is common in many small local government units, there is often only a few people, sometimes only one person, performing the accounting and financial functions. It is also common to have these individuals concentrate their efforts in one area.

The Township has a lack of complete separation of duties with respect to cash collections. The collection of cash, writing of receipts and depositing of collections is centralized around one individual.

The Township has implemented compensating controls for property tax revenue through the county settlement process and state revenue sharing through the Michigan Department of Treasury, the remaining revenues collected generally have insufficient checks and balances in place.

The preceding comments are not intended to reflect on the performance or capability of any employee.

This report is intended solely for the information and use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

*Weinlander Fitzhugh*



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

ROBERT E. LIST, CPA  
STEWART J. REID, CPA  
MICHAEL L. HANISKO, CPA  
DAVID D. QUIMBY, CPA  
KATHLYN M. ENGELHARDT, CPA  
RENAE M. CLEVENGER, CPA  
AMY L. RODRIGUEZ, CPA  
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA  
ROY A. SCHAIRER, CPA  
JAMES L. WHALEY, CPA  
JEROME L. YANTZ, CPA  
PHILIP T. SOUTHGATE, CPA  
ROBERT J. DUYCK, CPA

December 17, 2008

To the Township Board  
Edenville Township  
Midland County, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Edenville Township for the year ended June 30, 2008, and have issued our report thereon dated December 17, 2008. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 13, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on October 13, 2008.

1600 CENTER AVENUE  
POST OFFICE BOX 775  
BAY CITY, MI 48707-0775  
989-893-5577  
800-624-2400  
FAX 989-895-5842  
www.wf-cpas.com  
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE  
GLADWIN AND WEST BRANCH

**RSM McGladrey Network**

An Independently Owned Member



# WEINLANDER FITZHUGH

To the Township Board  
Edenville Township  
December 17, 2008  
Page 2

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Edenville Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008 we noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statement was depreciation.

Management's estimate of the estimated useful life is based on past experience and management's knowledge. We evaluate the key factors and assumptions used to develop the estimated useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.



# WEINLANDER FITZHUGH

To the Township Board  
Edenville Township  
December 17, 2008  
Page 3

## *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

## *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 17, 2008.

## *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



# WEINLANDER FITZHUGH

To the Township Board  
Edenville Township  
December 17, 2008  
Page 4

## *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

*Weinlander Fitzhugh*